

KINGMAN AIRPORT AUTHORITY, INC.

FINANCIAL STATEMENTS

JUNE 30, 1994 AND 1993

KINGMAN AIRPORT AUTHORITY, INC.
FINANCIAL STATEMENTS
JUNE 30, 1994

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Voordeckers & Mosby
Certified Public Accountants

Robert J. Voordeckers, CPA

Robin R. Mosby, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Kingman Airport Authority, Inc.
Kingman, Arizona

We have audited the accompanying general purpose financial statements of the Kingman Airport Authority, Inc. as of and for the years ended June 30, 1994 and 1993, as listed in the table of contents. These general purpose financial statements are the responsibility of the Kingman Airport Authority, Inc.'s management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and with Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Kingman Airport Authority, Inc. at June 30, 1994 and 1993, and the results of its operations and cash flows of its proprietary fund type for the years then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Kingman Airport Authority, Inc. The information in the supporting schedules has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Voordeckers & Mosby
Certified Public Accountants

August 16, 1994

KINGMAN AIRPORT AUTHORITY, INC
BALANCE SHEET
JUNE 30, 1994 AND 1993

	<u>JUNE 30, 1994</u>	<u>JUNE 30, 1993</u>
<u>ASSETS</u>		
Cash and Equivalents	\$ 135,590	\$ 146,002
Accounts Receivable		
Leases, Net	12,539	14,908
Federal and State Grants	10,195	
Refundable Deposits	918	918
Prepaid Expenses	<u>13,665</u>	<u>12,583</u>
Total Current Assets	172,907	174,411
Property & Equipment, net of accumulated depreciation	3,764,527	3,892,320
Construction in Progress	744,925	499,562
Other Assets, net of accumulated amortization	<u>60,137</u>	<u>3,953</u>
Total Assets	<u>\$ 4,742,496</u>	<u>\$ 4,570,246</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Current Portion of Notes Payable	\$ 110,324	\$ 103,668
Current Portion of Capital Lease Obligation	6,255	8,128
Accounts Payable	6,655	6,497
Contracts Payable - Grants	11,327	-
Payroll Taxes Payable	1,559	1,577
Other Accrued Liabilities	<u>6,108</u>	<u>28,406</u>
Total Current Liabilities	142,228	148,276
Notes Payable, Net of Current Portion	269,000	357,923
Obligations Under Capital Lease, Net of Current Portion	<u>8,775</u>	<u>15,029</u>
Total Liabilities	420,003	521,228
Fund Equity		
Contributed Capital	4,148,116	3,953,899
Retained Earnings, Reserved	-	162,212
Retained Earnings, Unreserved	<u>174,377</u>	<u>(67,093)</u>
Total Fund Equity	4,322,493	4,049,018
Total Liabilities and Fund Equity	<u>\$ 4,742,496</u>	<u>\$ 4,570,246</u>

The accompanying notes are an integral part of these financial statements.

KINGMAN AIRPORT AUTHORITY, INC
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
FOR THE YEARS ENDED JUNE 30, 1994 AND 1993

	<u>1994</u>	<u>1993</u>
Operating Revenues		
Leases	\$ 246,183	\$ 172,959
Operating Expenses		
Personnel	203,829	196,865
Payroll Taxes and Benefits	41,557	40,979
Depreciation	195,379	198,359
Amortization	5,550	1,434
Office Expense	11,586	13,660
Professional Services	18,439	15,094
Maintenance	13,494	23,937
Motor Pool	7,026	9,005
Operational Expense	91,078	98,459
Total Operating Expenses	<u>587,938</u>	<u>597,792</u>
Operating Income (Loss)	<u>(341,755)</u>	<u>(424,833)</u>
Nonoperating Revenues (Expenses)		
Land Sales	193,800	227,950
Application Fees	7,000	5,750
Miscellaneous Revenues	104,731	71,229
Interest Revenue	4,618	5,852
Interest Expense	<u>(32,136)</u>	<u>(17,496)</u>
Total Nonoperating Rev (Exp)	<u>278,013</u>	<u>293,285</u>
Net Income (Loss)	(63,742)	(131,548)
Fund Equity, Beginning of Year	4,049,018	-
Equity Transferred In	-	3,870,465
Contributed Capital, Current Year	<u>337,217</u>	<u>310,101</u>
Fund Equity, End of Year	<u>\$ 4,322,493</u>	<u>\$ 4,049,018</u>

The accompanying notes are an integral part of these financial statements.

1993 Budget Basis (Non-GAAP)		
Budgeted	Actual	Variance- Favorable (Unfavorable)
\$ 214,266	\$ 158,052	\$ (56,214)
9,500	5,750	(3,750)
7,500	5,853	(1,647)
357,000	227,950	(129,050)
1,513,913	11,400	(1,502,513)
1,057,011	349,530	(707,481)
73,000	71,229	(1,771)
3,232,190	829,764	(2,402,426)
196,920	195,959	961
54,813	40,978	13,835
16,550	13,229	3,321
57,000	16,170	40,830
20,900	22,173	(1,273)
9,500	9,032	468
106,386	98,227	8,159
462,069	395,768	66,301
3,091,076	827,687	2,263,389
111,827	24,484	87,343
3,664,972	1,247,939	2,417,033
(432,782)	(418,175)	14,607
400,000	442,284	42,284
<u>\$ (32,782)</u>	24,109	<u>\$ 56,891</u>
	3,870,465	
	154,444	
	<u>\$ 4,049,018</u>	

The accompanying notes are an integral part of these financial statements.

KINGMAN AIRPORT AUTHORITY, INC
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 1994 AND 1993

	1994	1993
Cash Flows From Operating Activities:		
Operating Income (Loss)	\$ (341,755)	\$ (424,833)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	195,379	198,865
Amortization	5,550	1,434
(Increase) Decrease in Assets:		
Accounts Receivable - Leases	2,369	(14,908)
Refundable Deposits	-	(445)
Prepaid Expenses	(1,082)	1,558
Increase (Decrease) in Liabilities:		
Accounts Payable	158	(31,917)
Payroll Taxes Payable	(18)	612
Other Accrued Liabilities	279	26,866
Net Cash Required By Operating Activities	(139,120)	(242,768)
Cash Flows From Noncapital Financing Activities:		
Transfer From Mohave County Airport Authority, Inc	-	108,369
Land Sales	193,800	227,950
Miscellaneous Income	111,731	76,979
Net Cash Provided By Noncapital Financing Activities:	305,531	413,298
Cash Flows From Capital and Related Financing Activities:		
Acquisition and Construction of Fixed Assets	(363,356)	(766,827)
Proceeds From Long-Term Debt	-	400,000
Federal Grants	13,163	11,400
State Grants	313,860	349,530
Repayment of Principal on Debt	(90,395)	(19,967)
Interest Expense	(54,713)	(4,516)
Net Cash Required By Capital and Related Activities	(181,441)	(30,380)
Cash Flows From Investing Activities:		
Interest Received	4,618	5,852
Net Cash Provided By Investing Activities	4,618	5,852
Net Increase In Cash and Cash Equivalents	(10,412)	146,002
Cash and Cash Equivalents, Beginning of Year	146,002	-
Cash and Cash Equivalents, End of Year	\$ 135,590	\$ 146,002

The accompanying notes are an integral part of these financial statements.

KINGMAN AIRPORT AUTHORITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1994 AND 1993

1. Summary of Accounting Policies

The Kingman Airport Authority, Inc. was incorporated in the state of Arizona in July 1992 as a nonprofit corporation. The authority operates, maintains, and manages the Kingman Airport and Industrial Park for the City of Kingman. The authority is administered by the board of directors who are elected by the membership of the authority.

The Kingman Airport Authority, Inc. was formed by transferring the assets and liabilities of the Mohave County Airport Authority, Inc., which related to the Kingman Airport and Industrial Park, to the newly formed Kingman Airport Authority, Inc. The Mohave County Airport Authority, Inc. continues to operate and hold the assets and liabilities, of the Laughlin-Bullhead City Airport. The assets and liabilities transferred to the Kingman Airport Authority, Inc. were current assets of \$185,612, fixed assets net of accumulated depreciation of \$3,843,312, current liabilities of \$96,307, and other liabilities of \$62,431.

The authority is considered to be a political subdivision of the state of Arizona, Mohave County and the City of Kingman with the responsibility of carrying out the functions of airport management, maintenance and operation. The accounting policies of the authority conform with generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies:

Reporting Entity

The authority is an autonomous reporting entity. The financial statements presented include all of the funds and account groups relevant to the operations of the Kingman Airport Authority, Inc.

Fund Accounting

The accounts of the authority are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity.

The Kingman Airport Authority, Inc accounts for all of its operations in a proprietary type enterprise fund.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses) of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

KINGMAN AIRPORT AUTHORITY, INC.
NOTE TO FINANCIAL STATEMENTS
JUNE 30, 1994 AND 1993

The authority leases the real property, on which the airport and industrial park is located, from the City of Kingman under a long term lease. Primary sources of funding for the authority are rents from subleasing real property, proceeds from the sale of real property located in the Kingman Airport Industrial Park, and grants from other governmental units. Functions financed by the authority include the management, maintenance, and development of the Kingman Airport and the Kingman Airport Industrial Park.

Property and Equipment

Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Current additions of property, plant, and equipment are recorded at cost. Costs are capitalized to the balance sheet of the fund and related depreciation is recorded as an expense.

The authority has adopted a policy of capitalizing "infrastructure" fixed assets (roads, lighting, drainage, sewer, water, and other similar assets).

During the year ended June 30, 1993, the authority restored a hanger, with the proceeds of a loan. Interest expense on the loan of \$12,980 has been capitalized to the cost of the hanger. Costs incurred to construct fixed assets that have been substantially provided from federal and state grants, have not capitalized interest in the costs during the construction of those assets.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Budgets and Budgetary Accounting

The authority adopts an annual nonappropriated budget as a management control device. The budget is prepared on a cash basis as would be used for a governmental fund type, which is a different basis of accounting than is used to present the financial statements.

KINGMAN AIRPORT AUTHORITY, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1994 AND 1993

The statement of revenues, expenditures, and changes in fund balance-budget and actual presents comparisons of adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant timing differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 1994 and 1993, is as follows:

	<u>June 30, 1994</u>	<u>June 30, 1993</u>
Excess of revenues (expenditures) (budgetary basis)	\$ (9,314)	\$ 24,109
Adjustments:		
To remove beginning accrued revenues	(14,907)	(50,828)
To add back beginning accrued expenditures	34,903	95,343
To add back ending accrued revenues	22,733	14,907
To deduct ending accrued expenditures	(24,090)	(34,903)
To adjust basis to Proprietary Fund Type	<u>(73,067)</u>	<u>(180,176)</u>
Net Income (Loss), (GAAP basis)	<u>\$ (63,742)</u>	<u>\$ (131,548)</u>

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Reserves of Fund Equity

The authority records reserves to indicate that a portion of the fund equity is segregated for a specific future use. The authority is obligated to invest an amount equal to the proceeds from sales of real property in the Kingman Airport Industrial Park in improvements to the Kingman Airport. The authority has five years from the sale of real property to the expenditure of funds for airport improvements and is in compliance with all regulations regarding the sale of land at the Kingman Airport and Industrial Park.

Cash Flows

For purposes of the statement of cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

KINGMAN AIRPORT AUTHORITY, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1994 AND 1993

2. Cash and Equivalents

Statement Three (3) of the Governmental Accounting Standards Board (GASB) requires that the authority categorize its investments and deposits according to the level of risk assumed. For investments, these categories are described as follows:

Category 1: Investments that are insured or registered, or for which the securities are held by the authority or its agents in the authority's name.

Category 2: Investments that are uninsured or unregistered, with securities held by the broker's trust department or agent in the authority's name.

Category 3: Investments that are uninsured and unregistered, with securities held by the broker, or by the trust department or agent, but not in the authority's name.

The GASB Statement No. 3 risk categories for deposits are described as follows:

Category 1: Bank deposits that are insured or collateralized with securities held by the authority or by its agent in the authority's name.

Category 2: Bank deposits that are collateralized with securities held by the pledging financial institution's trust department or agent in the authority's name.

Category 3: Bank deposits that are collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the authority's name.

At June 30, 1994 and 1993, the carrying amount of the authority's deposits was \$135,415 and \$145,828 all of which was covered by federal depository insurance (Category 1). The authority has \$ 175 in an imprest petty cash fund.

3. Accounts Receivable - Leases

Amounts due from lease income earned, but not yet received, net of an allowance for doubtful accounts of \$3,135 at June 30, 1994 and \$6,390 at June 30, 1993.

KINGMAN AIRPORT AUTHORITY, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1994 AND 1993

4. Accounts Receivable - Federal and State Grants

Amounts due from grants from the Federal and Arizona governments. Revenues are accrued on the construction projects based on the work completed to June 30, 1994 and 1993. The related expenditures on the construction projects are accrued as contracts payable on the balance sheet. At June 30, 1994 and 1993, amounts due from grants were \$10,195 and \$ -0- ,respectively, with related payables of \$11,327 and \$ -0- , respectively.

5. Refundable Deposits

Amount of deposit with the state workmen's compensation fund based on the authority's estimated annual premium.

6. Fixed Assets

	<u>Balance</u> <u>July 1, 1993</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 1994</u>
Land Improvements				
Airport	\$ 2,681,202	\$ 13,672	\$ -	\$ 2,694,874
Land Improvements				
Industrial Park	1,382,807	53,914	-	1,436,721
Bldgns & Improvements				
Airport	684,385	-	-	684,385
Bldgns & Improvements				
Industrial Park	106,198	-	-	106,198
Furniture, Fixtures				
Equipment	56,584	-	-	56,584
Vehicles	29,614	-	-	29,614
Machinery Equipment	<u>33,070</u>	<u>-</u>	<u>-</u>	<u>33,070</u>
	4,973,860	67,586	-	5,041,446
Accumulated Depreciation	<u>1,081,540</u>	<u>195,379</u>	<u>-</u>	<u>1,276,919</u>
Property & Equipment, Net	3,892,320	(127,793)	-	3,764,527
Construction in Progress	499,562	349,381	104,018	744,925
Other Assets				
Net of Amortization	<u>3,953</u>	<u>61,734</u>	<u>5,550</u>	<u>60,137</u>
	<u>\$ 4,395,835</u>	<u>\$ 283,322</u>	<u>\$ 109,568</u>	<u>\$ 4,569,589</u>

KINGMAN AIRPORT AUTHORITY, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1994 AND 1993

Depreciation expense for the years ended June 30, 1994 and 1993 was \$195,379 and \$198,359, respectively. Estimated useful lives used to compute accumulated depreciation on a straight line basis are as follows:

Land Improvements	10-30 years
Buildings & Improvements	10-25 Years
Furniture, Fixtures & Equipment	5-8 Years
Vehicles	3 years
Machinery and Equipment	7-15 years

Other assets include an industrial park plan with an original cost of \$9,300 being amortized over 15 years, a promotional video tape with an original cost of \$5,700 being amortized over 7 years, and a master plan update with an original cost of \$61,734 being amortized over 15 years. Total amortization expense for the years ended June 30, 1994 and 1993 was \$5,550 and \$1,434, respectively, with accumulated amortization of \$16,596 and \$11,046.

7. Notes Payable

Notes Payable consists of the following:

	<u>June 30, 1994</u>	<u>June 30, 1993</u>
Note payable to a bank in monthly installments of \$1,000, plus interest at prime plus 2.5%, unsecured. The note matures in January 1995.	\$ 7,307	\$ 19,307
Note payable to the Arizona Department of Transportation, in annual installments of \$96,227, including interest at 6.49%, secured by the lease revenues of a building at the Kingman Airport, maturing in July 1998.	329,733	400,000
Note payable in annual installments of \$14,095, plus interest at 8.0%, unsecured, maturing in September 1995.	42,284	42,284
	379,324	461,591
	110,324	103,668
Less current portion	\$ 269,000	\$ 357,923

KINGMAN AIRPORT AUTHORITY, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1994 AND 1993

Maturing as Follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended 6/30/95	\$ 110,324	\$ 25,202	\$ 135,526
Year ended 6/30/96	93,779	17,671	111,450
Year ended 6/30/97	84,856	11,371	96,227
Year ended 6/30/98	90,365	5,862	96,227
Year ended 6/30/99	-	-	-
Years thereafter	-	-	-
	<u>\$ 379,324</u>	<u>\$ 60,106</u>	<u>\$ 439,430</u>

Changes in Long-Term Debt:

	<u>June 30, 1994</u>	<u>June 30, 1993</u>
Beginning Balance	\$ 461,591	\$ 31,945
Proceeds From Borrowings	-	442,284
Principle Retirement	<u>(82,267)</u>	<u>(12,638)</u>
Ending Balance Long-Term Debt	<u>\$ 379,324</u>	<u>\$ 461,591</u>

8. Capitalized Lease Obligations

Capitalized Lease Obligations are as follows:

	<u>June 30, 1994</u>	<u>June 30, 1993</u>
Payable to J. I. Case, Inc in monthly installments of \$802, through March 1996, including interest at 7.68%, secured by equipment with a cost of \$33,070, and accumulated depreciation of \$10,630.	<u>\$ 15,030</u>	<u>\$ 23,157</u>

KINGMAN AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1994 AND 1993

Minimum future lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 1994 is as follows:

Year ended June 30, 1995	\$	9,624
1996		6,437
1997		-
1998		-
1999		-
Years thereafter		<u>-</u>
Total minimum lease payments		16,061
Less amount representing interest		<u>1,031</u>
Present value of net minimum lease payments	\$	<u>15,030</u>

9. Reserved Fund Balance

As discussed in Note 1, the authority is obligated by the Federal Aviation Administration to invest an amount equal to the proceeds of land sales at the Kingman Industrial Park in improvements to the Kingman Airport within five years from the date of the sale. The amount obligated to be spent for airport improvements in the reserved fund balance at June 30, 1994 is \$-0-. The authority complies with all regulations regarding its sale of land at the Kingman Airport and Industrial Park.

Changes in the Reserved Fund Balance during the years ended June 30, 1994 and 1993 were as follows:

	<u>June 30, 1994</u>	<u>June 30, 1993</u>
Balance, Beginning of Year	\$ 162,212	\$ 294,992
Add: Land Sales During Year	193,800	313,150
Deduct: Improvements at Kingman Airport	<u>(643,836)</u>	<u>(445,930)</u>
	<u>\$ (287,824)</u>	<u>\$ 162,212</u>

KINGMAN AIRPORT AUTHORITY, INC
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1994 AND 1993

The FAA, which oversees the obligation, accounts for land sales and the related investment in airport improvements on a calendar year basis.

As of June 30, 1994, the authority has overspent its obligation to invest in airport improvements by \$287,824.

10. Lease Revenues

As discussed in note 1, the authority subleases under operating leases, certain real property and improvements.

Cost of improvements made by the authority that are being leased is \$739,246 with related accumulated depreciation of \$161,264.

The operating leases have varying terms ranging from a month to month basis to twenty-five years. Most leases extending over a one year period contain a rent adjustment based on the consumer price index. Some leases contain an option to renew for a similar term.

Minimum future rentals to be received on non-cancelable leases as of June 30, 1994 for each of the next five years and in the aggregate are:

Year ended June 30, 1995	\$ 131,725
June 30, 1996	122,100
June 30, 1997	119,700
June 30, 1998	28,200
June 30, 1999	14,700
Years thereafter	<u>173,025</u>
Total minimum future rentals	<u>\$ 589,450</u>

KINGMAN AIRPORT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1994 AND 1993

11. Cash Flows

The Kingman Airport Authority, Inc. had the following non-cash transactions during the years ended June 30, 1994 and 1993:

	<u>June 30, 1994</u>	<u>June 30, 1993</u>
Acquisition of fixed assets with long-term debt		\$ <u>42,284</u>
Transfer of non-cash assets and liabilities from the Mohave County Airport Authority, Inc. to establish the Kingman Airport Authority, Inc.		\$ <u>3,762,095</u>

12. Commitments

As discussed in note 1, the authority leases the real property of the Kingman Airport and Industrial Park from the City of Kingman. The term of the lease is for twenty-five years, expiring in the year 2011, with an option to renew for an additional twenty-five years. Rents on the leases are payable in annual installments of one dollar.

13. Contingencies

The authority is a party to a number of legal actions arising in the ordinary course of its business. The authority is vigorously contesting the actions, however, their outcomes can not be estimated at this time.

14. Related Party Transactions

The Kingman Airport Authority, Inc. receives a substantial portion of its revenues from federal and state grants for use on construction projects. Amounts received from federal and state grants during the years ended June 30, 1994 and 1993 were \$337,217 and \$310,100, respectively. At June 30, 1994 and 1993, amounts due from federal and state grants were \$10,195 and \$ -0- respectively. Grants received by the enterprise fund are recorded as contributed capital.

During the year ended June 30, 1993, the Authority purchased a computer from its Executive Director for \$ 935.

Kingman Airport	1993	
	Kingman Ind Park	Total
\$ 126,566	\$ 46,393	\$ 172,959
96,183	100,682	196,865
23,448	17,531	40,979
137,682	60,677	198,359
-	1,434	1,434
6,876	6,784	13,660
6,585	8,509	15,094
15,707	8,230	23,937
5,019	3,986	9,005
45,568	52,891	98,459
337,068	260,724	597,792
(210,502)	(214,331)	(424,833)
-	227,950	227,950
500	5,250	5,750
8,756	62,473	71,229
2,867	2,985	5,852
(15,238)	(2,258)	(17,496)
(3,115)	296,400	293,285
\$ (213,617)	\$ 82,069	\$ (131,548)

Voordeckers & Mosby
Certified Public Accountants

Robert J. Voordeckers, CPA

Robin R. Mosby, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Kingman Airport Authority, Inc.
Kingman, Arizona

We have audited the general purpose financial statements of the Kingman Airport Authority, Inc., for the year ended June 30, 1994 and have issued our report thereon dated August 16, 1994. These general purpose financial statements are the responsibility of the Kingman Airport Authority, Inc.'s management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Kingman Airport Authority, Inc. taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Voordeckers & Mosby

Certified Public Accountants
August 16, 1994

Revenue			Total	Disbursements
Accrued or (Deferred) at July 1, 1993	Received During Current Year	Accrued or (Deferred) at June 30, 1994		
\$ -	\$ 12,450	\$ -	\$ 12,450	\$ 12,450
-	713	-	713	713
<u>\$ -</u>	<u>\$ 13,163</u>	<u>\$ -</u>	<u>\$ 13,163</u>	<u>\$ 13,163</u>

Voordeckers & Mosby

Certified Public Accountants

Robert J. Voordeckers, CPA

Robin R. Mosby, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Kingman Airport Authority, Inc.
Kingman, Arizona

We have audited the general-purpose financial statements of the Kingman Airport Authority, Inc., as of and for the year ended June 30, 1994, and have issued our report thereon dated August 16, 1994.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of the Kingman Airport Authority, Inc. for the year ended June 30, 1994, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure.

The management of the Kingman Airport Authority, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Financing
Revenue/Receipts
Expenditures - Purchasing and Payroll
External Financial Reporting

For all of the internal control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

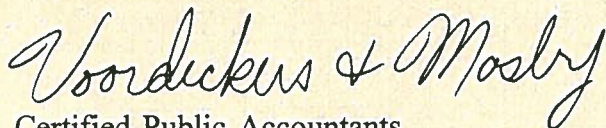
We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Due to the limited number of administrative personnel there is an absence of segregation of duties in administrative and accounting functions. The absence of segregation of duties creates inherent limitations in the internal control system. Although duties are segregated when possible, at the present time management does not believe there is a sufficient volume to warrant hiring the additional employees that would be needed to achieve a significant separation of duties.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the absence of segregation of duties, as discussed above, is a material weakness.

This report is intended for the information of the board of directors, management, and all applicable federal and state agencies. However, this report is also a matter of public record, and its distribution is not limited.



Certified Public Accountants

August 16, 1994

Voordeckers & Mosby

Certified Public Accountants

Robert J. Voordeckers, CPA

Robin R. Mosby, CPA

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Board of Directors
Kingman Airport Authority, Inc.
Kingman, Arizona

We have audited the general-purpose financial statements of the Kingman Airport Authority, Inc., as of and for the year ended June 30, 1994, and have issued our report thereon dated August 16, 1994.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement and about whether Kingman Airport Authority, Inc., complied with laws and regulations, noncompliance with which would be material to a federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1994, we considered the internal control structure of Kingman Airport Authority, Inc., in order to determine our auditing procedures for the purpose of expressing our opinions on the general-purpose financial statements of Kingman Airport Authority, Inc. and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general-purpose financial statements in a separate report dated August 16, 1994.

The management of Kingman Airport Authority, Inc., is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting Controls

- Financing
- Revenue/receipts
- Expenditure - purchasing and payroll
- External financial reporting

Administrative Controls - General

- Political activity
- Davis - Bacon Act
- Civil rights
- Cash management
- Relocation Assistance and Real Property Acquisition
- Federal financial reports
- Drug Free Workplace Act
- Allowable costs/cost principles
- Administrative requirements

Administrative Controls - Specific

- Types of service
- Matching level of efforts
- Special requirements
- Reporting

- Claims for advances and reimbursements
- Amounts claimed or used for matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1994, Kingman Airport Authority, Inc., had no major federal financial assistance programs and expended 100% of its total federal financial assistance under the following nonmajor federal financial assistance programs:

- U S Dept of Transportation
- Federal Aviation Administration
- Airport Improvement Program

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect Kingman Airport Authority, Inc.'s ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

Due to the limited number of administrative personnel there is an absence of segregation of duties in administrative and accounting functions. The absence of segregation of duties creates inherent limitations in the internal control system and weaknesses are likely to exist. Although duties are segregated when possible, at the present time management does not believe there is a sufficient volume to warrant hiring the additional employees that would be needed to achieve a significant separation of duties.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the absence of segregation of duties as discussed above, is a material weakness.

This report is intended for the information of the board of directors, management, and all applicable federal and state agencies. However, this report is a matter of public record, and its distribution is not limited.

Voordeckers & Mosby

Certified Public Accountants
August 16, 1994

Voordeckers & Mosby

Certified Public Accountants

Robert J. Voordeckers, CPA

Robin R. Mosby, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Kingman Airport Authority, Inc.
Kingman, Arizona

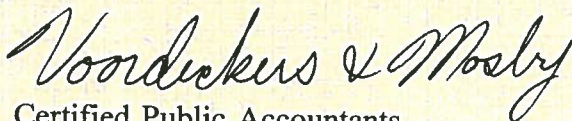
We have audited the general-purpose financial statements of the Kingman Airport Authority, Inc., as of and for the year ended June 30, 1994, and have issued our report thereon dated August 16, 1994.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Mohave County Airport Authority, Inc. is the responsibility of the Kingman Airport Authority, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Kingman Airport Authority, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general-purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Kingman Airport Authority, Inc., complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Kingman Airport Authority, Inc., had not complied, in all material respects, with those provisions.

This report is intended for the information of the board of directors, management, and all applicable federal and state agencies. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountants
August 16, 1994

Voordeckers & Mosby

Certified Public Accountants

Robert J. Voordeckers, CPA

Robin R. Mosby, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

Board of Directors
Kingman Airport Authority, Inc.
Kingman, Arizona

We have audited the general-purpose financial statements of Kingman Airport Authority, Inc., as of and for the year ended June 30, 1994, and have issued our report thereon dated August 16, 1994.

In connection with our audit of the general-purpose financial statements of the Kingman Airport Authority, Inc., and with our consideration of Kingman Airport Authority, Inc.'s control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1994. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Kingman Airport Authority, Inc.'s compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Kingman Airport Authority, Inc., had not complied, in all material respects, with those requirements.

This report is intended for the information of the audit committee, management, and all applicable federal and state agencies. However, this report is a matter of public record and its distribution is not limited.


Certified Public Accountants

August 16, 1994

Voordeckers & Mosby
Certified Public Accountants

Robert J. Voordeckers, CPA

Robin R. Mosby, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Directors
Kingman Airport Authority, Inc.
Kingman, Arizona

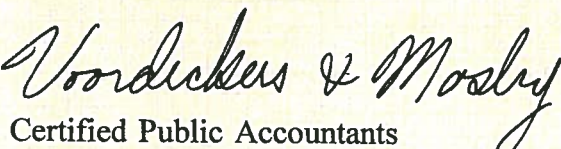
We have audited the general-purpose financial statements of Kingman Airport Authority, Inc., as of and for the year ended June 30, 1994, and have issued our report thereon dated August 16, 1994.

We have applied procedures to test the Kingman Airport Authority, Inc.'s compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1994: political activity, Davis-Bacon Act, civil rights, cash management, relocation assistance and real property acquisition, drug free workplace act, federal financial reports, allowable costs/cost principles, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Kingman Airport Authority, Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Kingman Airport Authority, Inc. had not complied, in all material respects, with those requirements.

This report is intended for the information of the board of directors, management, and all applicable federal and state agencies. However, this report is a matter of public record and its distribution is not limited.


Certified Public Accountants
August 16, 1994

